

Rosy Green Wool

Better wool made in a better way

Common Good Balance Sheet 2019/20





Zertifikat: **Peerevaluation** **Gemeinwohl-Bilanz**
M5.0 Kompaktbilanz **2020**
 Begleiter*in **Matthias Rausch**

**Rosy Green Wool GbR –
 Rosmary Stegmann und
 Patrick Gruban**

PG-LA-2020-01

Beteiligte Peergruppen Firmen

Steinmetz Braun GmbH
 HNO Praxis Dr. Ioannis Charalampakis
 Marianne Voit-Lipowsky
 Regionalkollektiv eG
 Techgenossen eG

Wert	MENSCHENWÜRDE	SOLIDARITÄT UND GERECHTIGKEIT	ÖKOLOGISCHE NACHHALTIGKEIT	TRANSPARENZ UND MITENTSCHEIDUNG
A: LIEFERANT*INNEN	A1 Menschenwürde in der Lieferkette: 50 %	A2 Solidarität und Gerechtigkeit in der Lieferkette: 50 %	A3 Ökologische Nachhaltigkeit in der Lieferkette: 80 %	A4 Transparenz und Mitentscheidung in der Lieferkette: 60 %
B: EIGENTÜMER*INNEN & FINANZ-PARTNER*INNEN	B1 Ethische Haltung im Umgang mit Geldmitteln: 70 %	B2 Soziale Haltung im Umgang mit Geldmitteln: 90 %	B3 Sozial-ökologische Investitionen und Mittelverwendung: 10 %	B4 Eigentum und Mitentscheidung: 0 %
C: MITARBEITENDE	C1 Menschenwürde am Arbeitsplatz: 10 %	C2 Ausgestaltung der Arbeitsverträge: 40 %	C3 Förderung des ökologischen Verhaltens der Mitarbeitenden: 40 %	C4 Innerbetriebliche Mitentscheidung und Transparenz: 10 %
D: KUND*INNEN & MITUNTERNEHMEN	D1 Ethische Kund*innenbeziehungen: 50 %	D2 Kooperation und Solidarität mit Mitunternehmen: 60 %	D3 Ökologische Auswirkung durch Nutzung und Entsorgung von Produkten und Dienstleistungen: 50 %	D4 Kund*innen Mitwirkung und Produkttransparenz: 20 %
E: GESELLSCHAFTLICHES UMFELD	E1 Sinn und gesellschaftliche Wirkung der Produkte und Dienstleistungen: 70 %	E2 Beitrag zum Gemeinwesen: 100 %	E3 Reduktion ökologischer Auswirkungen: 40 %	E4 Transparenz und gesellschaftliche Mitentscheidung: 40 %

Zertifikat gültig bis:
31.07.2023

**BILANZSUMME:
 548**

Mit diesem Zertifikat wird das Peergroup-Ergebnis des Gemeinwohl-Berichtes bestätigt. Das Zertifikat bezieht sich auf die Gemeinwohl-Bilanz 5.0. ZertifikatID: **u3mib**
 Nähere Informationen zur Matrix und dem Verfahren der Peerevaluation finden Sie auf www.ecogood.org



This document was translated from German using machine translation and was only lightly edited due to time and budget constraints. Please refer to the original German version or send us an email to info@rosygreenwool.com for details.

Content

Introduction.....	5
General information about the company.....	5
Short presentation of the company.....	5
Products / Services.....	6
The company and the common good.....	6
A Suppliers.....	8
A1 Human dignity in the supply chain.....	8
A2 Solidarity and justice in the supply chain.....	11
A3 Environmental sustainability in the supply chain.....	13
A4 Transparency and co-decision in the supply chain.....	15
B Owners & financial partners.....	17
B1 Ethical attitude in dealing with funds.....	17
B2 Social attitude in dealing with funds.....	19
B3 Social-ecological investments and use of funds.....	20
B4 Ownership and co-decision.....	20
C Employees.....	22
C1 Human dignity in the workplace.....	22
C2 Formation of employment contracts.....	24
C3 Ecological behaviour of employees.....	25
C4 Internal co-decision and transparency.....	26
D Clients & Co-entrepreneurs.....	27
D1 Ethical client relationship.....	27

Rosy Green Wool

D2 Cooperation and solidarity with fellow enterprises.....	29
D3 Ecological impacts from use and disposal of products and services.....	31
D4 Customer participation and product transparency.....	32
E Social environment.....	34
E1 Meaning and social impact of products and services.....	34
E2 Contribution to the community.....	36
E3 Reduction of ecological impacts.....	38
E4 Transparency and social co-decision.....	39

Introduction

General information about the company

Company name: Rosy Green Wool GbR - Rosmary Stegmann and Patrick Gruban

Legal form: civil law partnership

Ownership and legal form: Rosmary Stegmann and Patrick Gruban 50% each

Website: www.rosygreenwool.de

Industry: Textile

Headquarters: Munich

Total number of employees: 4

Full-time equivalents: 2.5

Seasonal or temporary workers: 0

Information on turnover and net profit for the year can be found in the Financial Factsheet.¹

No subsidiaries / affiliated companies

Reporting period: 2019-2020

Short presentation of the company

Rosy Green Wool is a label for hand-knitting yarns made from organic merino wool, founded in 2012 by Rosmary Stegmann and Patrick Gruban.

”Why isn’t there any wool that doesn’t scratch, in beautiful colours and that is guaranteed to be produced without animal suffering and exploitation?” Rosmary Stegmann’s

¹ not published

Rosy Green Wool

question gave rise to the first company to exclusively offer merino yarns from controlled organic animal husbandry with GOTS certification.

Rosy Green Wool designs yarns, buys wool and has it spun and dyed in small factories in England and Portugal. The skeins are mainly distributed through small owner-operated wool shops, about 150 in Europe and North America. In addition, the company has its own webshop.

In addition to the founders, two female staff members are employed on a part-time basis. All employees work from their home office with free time allocation.

Part of the proceeds goes as donations to effective aid organisations for animal welfare and malaria prevention.

Products / Services

Rosy Green Wool has four yarn lines. Cheeky Merino Joy and Big Merino Hug are spun from the softest organic merino wool from Patagonia. Merino d'Arles comes from the eponymous breed of sheep from southern France and Manx Merino Fine combines wool from the endangered British Manx Loaghtan sheep with merino wool. All yarns are 100% certified organic and GOTS certified.

In addition, there are knitting patterns for the yarns, which are licensed from independent designers and, since mid-2020, an in-house collection.

93% of sales are yarns, 5% knitting patterns and 2% shipping costs.

The company and the common good

Rosy Green Wool first became intensively involved with the Economy for the Common Good in 2019 and has been a member of the Bavarian regional group since the end of the same year. The first contacts were made through the alliance "München muss handeln", in which Patrick Gruban actively participated and in which the ECG regional group was

Rosy Green Wool

also represented. The common good approach fits very well with the goals of the shareholders and the balance sheet is a good opportunity to take stock and identify potential for improvement.

Contact: Patrick Gruban, info@rosygreenwool.com

A Suppliers

A1 Human dignity in the supply chain

Shares of total purchasing volume	2019	2020
Wool purchase	28%	32%
Production	33%	27%
Warehouse, picking, shipping	14%	15%
Self-employed contractors	11%	15%
Printing	3%	3%
Advertising and travel expenses	3%	< 1%
Office Rent, Internet, Office Supplies, IT	3%	3%
Other costs	5%	5%

We develop and distribute hand-knitting yarns that are all certified as GOTS "organic" and do not contain any non-GOTS fibres. Therefore, about 75% of the purchasing volume falls on companies that are certified themselves (wool purchasing and production) or are audited as subcontractors (warehouse, commissioning, shipping). The remaining purchases are made either directly from independent contractors (11 or 15% of the purchasing volume) or from companies, mainly in Germany (14%), where social risks are low.

Rosy Green Wool

GOTS requires the fulfilment of social criteria based on the core standards of the International Labour Organisation (ILO). In this context, all certified companies must have a social management system that ensures compliance with specified social criteria. The criteria include labour protection, minimum wages, freedom to collectively negotiate wages, prohibition of discrimination and prohibition of excessive working hours. External auditors check compliance by visiting factories and interviewing employees. The Federal Association of Consumer Initiatives has rated GOTS as "particularly recommendable sustainable" and writes: "It is a demanding label that contributes significantly to ecological and social improvements in the production of textiles."

In our wool purchasing, the largest share is merino wool from Argentina and is sourced through a European importer. Preliminary stages in our production are washing and combing the wool in Argentina and an anti-felt treatment to make it machine-washable in Europe. All producers are GOTS certified and audited. The raw wool comes exclusively from organic animal husbandry, the farms are subject to the same labour standards as all GOTS productions, but are not audited. However, 80% of the farms are also certified and audited according to RWS (Responsible Wool Standard), which has almost the same labour standards as GOTS. It is expected that in 1-2 years all farms supplying us will be RWS certified.

We source a smaller part of the wool from organic farming in France. The production there is also GOTS certified.

Two companies in England and one in Portugal spin and dye the yarns. These are both owner-managed family businesses with fewer than 50 employees, with whom relationships have existed for several years. They are also GOTS certified and audited.

Rosy Green Wool

90% of the world's production of soft merino wool comes from Australia and is mainly washed and combed in China, where some of it is also spun. According to the clean clothes campaign Saubere Kleidung, workers there often have limited civil rights, no trade union freedom and are paid less than they need to live on². Therefore, the production conditions of our yarns are a significant improvement over the conditions of the majority of conventionally produced soft yarns.

Warehousing and order packing are carried out by a small family business in Maisach near Munich. This company mainly purchases shipping services from DHL. Sea freight services for shipping to the USA are purchased through a German family business. In addition, we have the Caritas workshops for people with disabilities assemble and ship our colour cards and retailer folders.

Services are mostly provided by self-employed contractors and freelancers in Europe who can freely manage their own work. These are mainly knitting pattern and graphic designers, photography, design coordination, accounting and tax consultancy. For the most part, payment is on an hourly basis. An exception is the purchase of licences for knitting patterns, which are charged per piece. The hourly rates, extrapolated to a full-time position, meet the criteria of livable earnings.

Our hangtags and knitting patterns are printed exclusively in Germany. The largest item here are hangtags printed on FSC certified paper from Italy. The FSC standard also covers workers' rights and working conditions, among other things.

² "Many workers in the Chinese textile and garment industry are so-called migrant workers, who [...] have only limited civil rights at their place of work. There is no trade union freedom in China. [...] Minimum wages are still too low to enable a decent existence." Source: <https://saubere-kleidung.de/asien/china/>

In terms of advertising and travel costs, the largest share is accounted for by the h+h trade fair in Cologne, a smaller share by a visit to producers in England.

In the area of office rent, internet, office supplies and IT, the telephone service is sourced from a service provider that relies on its own employees instead of temporary staff. Our web hosting is provided by a local company. Our office supplies are purchased from the ecological mail order company memo whenever possible.

Negative criteria

A violation of human dignity at our major suppliers can be ruled out through external auditing.

A2 Solidarity and justice in the supply chain

Rosy Green Wool attaches great importance to long-term and trusting cooperation. The areas of wool purchasing, production, warehousing and shipping as well as the self-employed (purchasing volume 86 and 89% respectively) are owner-operated small businesses, the majority of which are run by women. The selection of the partners is always made after an on-site visit and discussions with the owners.

Our production and wool purchasing are fully certified according to GOTS. In addition to the implementation of the ILO labour standards, a recording of the gap between living wages and minimum wages has been required there since 2020. However, an increase in the wage level is not mandatory, so we cannot rely on GOTS here.

Rosy Green Wool

In production, we have been working with the same spinning mill and the same dye house in England since the company was founded in 2012. In 2017, it became apparent that the spinning mill could not keep up with demand. As an important customer, we explored possibilities for joint growth, e.g. by pre-financing machines and optimising processes on site. Only when this was not enough did we decide, together with the spinning mill, to slowly reduce the share of production in England and look for an additional partner. Since 2018, we have had a partner spinning mill in Portugal, which can now take over the majority of production. Wages here are above the living wage threshold for all employees (see Financial Factsheet).

In England, we agreed to higher prices at the spinning mill to close the gap to living wages. However, it has not yet been possible to confirm a full increase in wages to living wage levels at either of the operations in England and, in the wake of the uncertainties surrounding Brexit, this has not been pursued further for the time being.

In terms of wool purchasing, our supply chain runs in Germany and Argentina, where the minimum wages are both above the living wage threshold.

We usually pay incoming invoices on the same day. Prices are usually set by suppliers and not negotiated.

In the case of freelancers, whose remuneration accounts for 11 or 15% of the purchasing volume, care is taken to ensure that the hourly rates are above the level of living wages.

When it comes to other suppliers, we also make sure to buy from smaller and local companies that are not suspected of using their market power unfairly.

A3 Environmental sustainability in the supply chain

Rosy Green Wool only offers hand knitting yarns that are labelled GOTS "organic". The GOTS environmental criteria include the following requirements:

- The raw wool must come exclusively from certified organic animal husbandry.
- Only chemicals that are on a positive list may be used in processing. Problematic additives such as toxic heavy metals, formaldehyde, aromatic solvents, genetically modified organisms and their enzymes as well as chlorine bleach and azo dyes that release carcinogenic amine compounds are prohibited.
- All producers must be GOTS certified. They must have their own environmental protection programme with targets and procedures to minimise waste and effluent.
- Wet processing plants must keep complete records of chemicals used, energy and water consumption, and waste water treatment, including sludge disposal. The waste water from all wet processing plants must be treated in an appropriate waste water treatment plant.
- The packaging material must not contain PVC. All paper or cardboard packaging materials, hang tags, banderoles, etc. must be either FSC or PEFC certified or recycled.

The portal Siegelklarheit writes about GOTS: "This seal meets particularly high requirements in the areas of credibility and the environment."

A key driver for us is animal welfare, especially the elimination of mulesing. This is a procedure where part of the skin around the tail of lambs is cut off without anaesthesia. Although this is very painful, it is used on about 80% of soft merino wool. We can safely rule out mulesing in our supply chain and actively campaign for stricter controls in GOTS

and in general. For this, the animal welfare organisation Four Paws awarded us the highest rating of "Platinum Champion" in an evaluation of 28 suppliers of hand-knitting yarns in 2020, the only company to receive this.

In addition, about 80% of the farms we source wool from in Argentina are certified by the Responsible Wool Standard (RWS), which includes some additional animal welfare criteria.

As GOTS does not impose any mandatory requirements in terms of a carbon footprint, in 2020 we commissioned a calculation of the CO₂ emissions along the entire path from sheep to customer as well as disposal ("cradle-to-customer + end-of-life" approach based on the "Greenhouse Gas Protocol Product Life Cycle Accounting and Reporting Standard"). We use the result to better understand the impact of the individual stages of the supply chain on the carbon footprint and to offset unavoidable CO₂ emissions with Gold Standard certificates from 2021. As far as we know, we are the first to do this in the hand-knitting yarn sector.

Approximately 96% of greenhouse gases are caused by methane in the sheep and in production, so that wool from Europe, for example, causes only 1% less emissions than wool from Argentina.

Whether hand-knitting yarns made from sheep's wool are more harmful to the climate than alternatives is difficult to assess. For example, the CO₂ consumption in the production of a cotton T-shirt is about 20% lower³, but cotton products have to be washed more often.

We do not use plastic packaging for storage and shipping, unless it is necessary for reasons of moth protection.

3 s. "Where CO₂ is produced in T-shirt production". Of 11kg of CO₂, 45% comes from use and catalogue. Without these, it is 2.75kg CO₂/100g for a T-shirt. (Source: <https://www.polarstern-energie.de/magazin/artikel/so-viel-energie-steckt-in-einem-t-shirt-wirklich/>) In contrast, 100g of our Cheeky Merino Joy come to 3.46kg.

Only recycled paper or paper with FSC certification is used for all printed products such as knitting patterns, hangtags, flyers, etc. Travel and journeys to the workplace are avoided by employees and freelancers working from home offices and meetings taking place online.

In purchasing, we always make sure to use the ecologically better alternative wherever possible. For example, we buy office supplies from the ecological office supplier Memo.

A4 Transparency and co-decision in the supply chain

The main direct suppliers of Rosy Green Wool are owner-operated small enterprises with less than 50 employees, mostly even with less than 10 employees. In the further supply chain of the wool are also mainly small enterprises such as the individual sheep farms. In addition, the GOTS certification of the supply chain also ensures compliance with the ILO core labour standards. The portal Siegelklarheit gives GOTS 77 out of 100 points in the area of "workers' rights and working conditions"⁴. This includes freedom of association and the right to collective bargaining. As described in A1, about 75% of the purchasing volume is covered by GOTS audits. A further 11% (2020: 15%) is accounted for by sole contractors.

The sheep farms themselves are not part of the GOTS certification, but as mentioned under A1, about 80% are certified according to the RWS standard, which also monitors compliance with ILO core labour standards.

4 <https://www.siegelklarheit.de/7-gots-global-organic-textile-standard>

Rosy Green Wool

In our cooperation with suppliers and producers, we rely on long-term agreements. For example, we conclude supply contracts for raw wool with a duration of 12 months and thus commit ourselves to purchase quantities and prices. In production, we also give an overview of the expected quantities a year in advance and usually order several months before delivery. Unlike most in the industry, we buy the raw wool ourselves, so the producers do not have to go into pre-financing and risk. We do not have long-term price agreements, so suppliers can communicate price adjustments annually if needed.

In product development, we involve suppliers and producers at an early stage so that we have several months or sometimes years to work on new products.

In the area of designing knitting patterns and marketing, we try to involve the freelancers by giving them lead times of several weeks to months and allow them to plan their time well. Briefings and processes are mostly written down and service providers are involved to improve the process.

B Owners & financial partners

B1 Ethical attitude in dealing with funds

Rosy Green Wool GbR has been financed by the equity of the two shareholders since its foundation in 2012. Raising outside capital has not been considered so far in order to ensure sustainable, slow growth. Due to the legal form of the GbR, the possibilities of equity investments by non-shareholders are limited, so this route has not been considered so far.

Balance sheet 2019: Liabilities

81% Equity

12% Provisions for trade tax

5% Liabilities for value added tax

1% Other provisions

In the 2019 balance sheet, the equity ratio was 81%. The rest of the liabilities were provision and payables, mainly for taxes. In 2019, there was a change from revenue surplus accounting to balance sheet accounting, therefore taxes were due on the warehouse. These are in the balance sheet as a provision and reduce the equity share. Other provisions are for items such as annual accounts and warranties that were actually spent after the end of the financial year.

The 2020 balance sheet was not yet available at the time of publication, but no major deviations are expected.

In the textile industry, the average equity ratio in 2015 was 35.5%⁵.

Our banking transactions are conducted through GLS Bank, which was selected for its sustainability criteria when the company was founded in 2012.

Customer payments from commercial customers in Germany are made by invoice; for end customers and commercial customers abroad, we also offer Paypal and credit card payments via Stripe in addition to advance payment. The fees for these are not charged to the customer.

Paypal is the most popular payment method for online shopping in Germany after the invoice (EHI study: Online-Payment 2019) and, for customers outside the SEPA area, often the only option for payments to Germany besides the credit card. Paypal publishes an annual Global Impact Report and has been recognised for its commitment to diversity in the workplace. 62% of our retail sales fall to this method.

We process credit card payments via Stripe. Since we have our own shopping system, it was important to find a payment processor with simple interfaces. Stripe invests USD 1 million per year in reducing CO₂ in the earth's atmosphere. 21% of our retail sales fall on this method.

For payments to suppliers in the UK, we use CurrencyFair to purchase British pounds without an exchange fee and credit transfers to suppliers within one day. The fees are borne by Rosy Green Wool.

⁵ Source: 2017 - The German Textile and Fashion Industry in Figures, Published by the German Textile and Fashion Industry Association (Gesamtverband der deutschen Textil- und Modeindustrie e. V.).

B2 Social attitude in dealing with funds

Rosy Green Wool has been financed purely by equity capital since its foundation; the shareholders did not make any withdrawals in the first few years until there was sufficient inventory and liquidity. Since 2017, they have been withdrawing money monthly for their living expenses and donating part of it (see E2).

Future expenditure made in 2019:

- Workshops on new market positioning
- Redesign of the logo and brand
- New website
- Design and print of new promotional materials and product labels
- Start of the Design Management division with preparation of the first own knitwear pattern collection for autumn 2020

Future expenditure made in 2020:

- Acquisition of IT workstations
- Leadership Coaching
- Development of a new yarn line (investment in sample quantities)
- Development of an own knitting pattern collection
- Climate and common good balance

Investment needs for the future:

- Establishment of the online marketing division
- Leadership Coaching
- Consulting on company structure

The investment needs could have been fully covered financially in 2019. However, in order to make the further development sustainable in the long term, the shareholders want to take more time for it, so reserves were rather formed to tackle a part of the projects in 2020. The remaining reserves will be used to increase the inventory and as liquid funds to compensate for seasonal fluctuations in sales, payment defaults and unexpected expenses.

B3 Social-ecological investments and use of funds

Rosy Green Wool had no fixed assets in 2019, in 2020 they represented less than 1% of total assets and only included laptops. Investments in product development and warehouses (increasing the stock of wool) were significantly higher. There, the previous supply chain is maintained, the ecological impact of which is described in A3.

The laptops purchased are from Apple and replace devices from the same manufacturer. In the Greenpeace ranking of 2017⁶, Apple came out on top after Fairphone.

No redevelopment needs with potential for improvement could be identified in the reporting period. There were no financial assets, the remaining financial resources were needed as a liquidity reserve.

B4 Ownership and co-decision

⁶ <https://www.greenpeace.de/sites/www.greenpeace.de/files/publications/20171016-greenpeace-guide-greener-electronics-englisch.pdf>

Rosy Green Wool

Rosy Green Wool GbR has been owned equally by the founders Rosmary Stegmann and Patrick Gruban since the beginning. They work full time in the company and take on 80% of the workload (2 out of 2.5 full-time equivalents). The partners are personally liable with all their assets and are also the only investors. Important decisions regarding employees, strategy, suppliers, products, etc. are made jointly by consensus.

Due to the low number of employees, participation is not currently envisaged.

C Employees

C1 Human dignity in the workplace

Rosy Green Wool is a small enterprise. At the beginning of the reporting period, there was one part-time employee in customer service in addition to the two founders. At the end of 2019, this job was expanded and a part-time employee was hired in marketing.

All employees work from their home office and arrange their own working hours. They can choose to use their own computers or get one from the company. Work and communication is done via web-based systems and there is separate documentation for all processes and tools. Within this framework, employees are free to make decisions about their work. For the employees, this means the greatest possible flexibility to adapt their working hours to the demands of care work or to freely organise their free time. In customer service, communication mainly takes place via e-mail, which should be answered once a day in the morning. Within the morning, however, there is a wide range of when this can happen. Calls are answered by an external call centre so that calls can be returned flexibly in terms of time. The model enabled a single parent staff member to work during Covid-19-related school closures while her children were at home. One staff member works from a location with high structural unemployment where she had not found employment that would have allowed her to reconcile family and work due to travel times.

Employees should be able to work independently and on their own responsibility as much as possible. For example, in customer service we have a lot of leeway for goodwill arrangements that the employee can decide on.

The recording of hours is done on a trust basis and it is pointed out in staff discussions that all hours must be recorded. The weekly working time for all employees does not exceed 10 hours. There are weekly or monthly telephone calls with the employees in which the work situation and possible improvements are discussed. The results are, for example, changes in processes, the software interface or the use of freelancers to relieve staff.

In the area of training, there is no organised offer so far. Since the founders have taught themselves the knowledge for the company, there are, however, recommendations for the employees for their own further training within the framework of their work.

There have been no sick leaves and there is no health programme so far. The two owners regularly consult leadership coaches for further training in their leadership role.

Mandatory indicators

- Average length of service (excluding founders): Less than 1 year
- Development opportunities offered and taken advantage of (professional and personal) in hours per employee or by management level: None
- Health/illness rate (depending on demographic distribution): No sick days
- Number of days employees come to work despite illness: Work is done from home office, Number and extent of workplace accidents: None
- Health/diversity services used: Content and number of hours per staff member: None

- Demographic distribution of the company's employees with regard to dimensions of diversity: Both female employees are Germans over the age of 40. There is no information on physical/mental limitations, sexual orientation or religion.
- Average duration of parental leave for fathers/mothers in months: Did not occur

C2 Formation of employment contracts

In addition to the two founders, there are two salaried employees, each working less than ten hours per week. Both work from home and are largely free to organise their working hours during the week. This allows the employees to combine gainful employment and care work and to be flexible in their leisure time. The working hours are recorded by the employees themselves and reported at the end of the month.

The seasonal business results in overtime for the permanent employees, at least half of which is compensated by free time. The seasonal fluctuations were discussed with the employees when they were hired and are regularly discussed in staff meetings.

Our employment contracts are drawn up individually with the employees based on the operational requirements and their personal situation. Workload and possible changes are discussed in monthly staff meetings. New tasks are discussed with the staff members and only assigned by consensus. Through the cooperation of the founders, short-term work peaks can be mitigated. Processes can be changed at short notice based on the needs of the staff.

The salary spread for female employees and founders is 1:1.5, with hourly wages at least twice as high as the living wages in the respective places of residence.

C3 Ecological behaviour of employees

Rosy Green Wool has no office, all employees work from their home offices. This eliminates the need for travel. There were no business trips for employees in the reporting period; the founders had three trips. Within Germany, trips are made by train. The founders do not own a car and mainly travel by bicycle. In contrast to most of the competitors, the company deliberately refrained from having an external sales force; apart from one visit to a trade fair per year, customer service is provided exclusively by e-mail and telephone.

The founders only buy organic certified food, if possible from regional producers, seasonal and predominantly meat-free. Since autumn 2020, the employees have received monthly vouchers for their local organic market.

The following points were implemented:

- The company recommends ecological aspects selectively, the management exemplifies ecological behaviour
- Clear commitment in the company to sustainable eating habits, consistent sustainable mobility policy
- Diet mostly meatless, food mostly local and seasonal (founders)
- Reduced share of car travel in kilometres
- Service journeys with positive consideration of ecologically better variants

Not yet implemented:

- Further training programmes with ecological aspects and existing ecology projects in the company.

C4 Internal co-decision and transparency

With two employees whose regular working hours are less than 10 hours per week, the company is still at the beginning of a co-decision culture. In monthly individual meetings with the employees, changes in the areas that affect them are discussed. Emphasis is placed on joint planning and structuring of the employees' activities according to their abilities and interests.

More far-reaching decisions and access to essential data have so far been reserved for the two founders.

D Clients & Co-entrepreneurs

D1 Ethical client relationship

Rosy Green Wool was born out of Rosy's need as a customer who had not found the ethically produced and soft wool she herself was looking for. Therefore, since the beginning, the focus has been on the product and fulfilling the wishes of customers with a similar attitude.

Our customers are mainly small shops and end customers who order from Europe and North America via our online shop. The focus is on German-speaking countries.

The biggest expenditure in marketing is the development of knitting patterns, from design, editing, photo shooting, layout to printing. The patterns are sold, but this only covers part of the costs. With the knitting patterns, it is important for us to appeal to a wide range of customers so that they can identify with the models. When booking the photo models, we pay attention to ethnic and age diversity. At least 20% of the designers are non-white and all of our own patterns are designed in 9 dress sizes, from women's size 28 to 62. The dress size specifications are included in a mandatory size document for designers.

Since the price of the yarns is between 50 and 100% higher than comparable non-organic products, we try to keep the other barriers to entry low. This includes broad distribution through about 150 shops, including communication and goodwill in customer service.

Rosy Green Wool

End customers come to the online shop mainly through word of mouth, and we inform them about new products via newsletters and social media. On social media we present weekly knitting projects from customers to show the diversity of the projects and the people behind them. There are no discount campaigns except for a sale of discontinued products once a year.

The website is developed using components that enable accessibility, but this has not yet been checked in detail. The focus of the site is on factual information about products and the company.

Advertising spend for end customers accounts for less than 10% of the marketing budget and is limited to occasional social media ads to make new products more visible to customers.

Business customers are mainly small owner-operated wool shops. Unlike most other yarn brands, we do not require minimum purchase quantities or product packages. This means that we can also offer our products to small and financially weak retailers. In Germany, we do not supply pure online shops, so that the stationary trade is not exposed to price pressure. Exclusivity agreements for territories exist only to a limited extent.

Already with the first order, German retailers can buy on account with a 30-day payment term and thus enter with reduced risk. We do not use sales representatives, who are common in the industry and build up pressure through their commission. Retailers can order via online shop, e-mail and telephone. One employee works in customer service; a call centre is employed for calls, which is paid according to calls. There are generally no sales-based payments or sales targets set.

Existing retailers are informed about news by newsletter. Marketing measures for retailers include participation in one trade fair per year, as well as postal mailings to potentially interested retailers with a maximum of two letters per retailer per year.

Spending on freelancers in the areas of graphics, text, translation, knitting pattern design, photography, models, styling, retouching etc. accounts for the largest share of the marketing budget at over 70% (2020: 93%), followed by trade fair participation, social media advertising and letter mailings. The exact figures can be found in the Financial Factsheet.

Our customer service policy is to help customers pragmatically and generously, this is also stated in the written customer service instructions. We employ a freelancer to answer questions that arise when knitting patterns. Customers have at least 30 days to return products, and if they have a complaint, a replacement or refund will be given immediately. Emails are almost always answered within one working day.

The publication of the ECG balance sheet creates an additional commitment for us to maintain and continuously increase these ethical standards.

D2 Cooperation and solidarity with fellow enterprises

Rosy Green Wool launched the Independent Yarn Network in 2018 with competitors ITO and The Fibre Co. to promote exchange and cooperation between small owner-managed yarn manufacturers who address the same target group. At the annual h+h fair, there is a joint flyer pointing retailers to each other's stands. But mainly it is about the exchange of experience in the fields of marketing, sales, production and logistics, as well as the recommendation of freelancers and service providers. For example, we were able to refer our USA distributor to a competitor and she was able to recommend a freelancer for design management. She works for both companies and thus has order security.

Rosy Green Wool

The Munich yarn brand Rauwerk is both a competitor and a customer of our yarns in its own shop. We regularly cooperate in participating in markets such as a joint stand at Yarnporium in London or mutual support at the Vaterstetten wool market.

With the annual fundraiser "Knitters Against Malaria", which we co-founded in 2018, we cooperate with competitors and collect donations together for the Against Malaria Foundation every year.

Since 2013 we have been cooperating with independent designers of knitting patterns, to whom we provide yarn and whose patterns we print and distribute. This allows us to inform the respective customer groups about each other's products. We have developed the yarn line "Merino d'Arles" in cooperation with the designer Melanie Berg.

In product development, we cooperate closely with suppliers who also have their own yarn brands. In doing so, we mutually benefit from the exchange of experience.

During the shop closures in the course of the Covid19 Crisis 2020, we transferred 30% of our end customer turnover in the online shop to retail shops. End customers were able to choose from over 100 shops on our retailer list in German-speaking countries. In addition, we deferred payments from our business customers and bought back goods.

In 2020, we have tried to work with fellow companies to raise the GOTS standard to close gaps in quality assurance in Australia with regard to mulesing. In GOTS, we participated in a round table in 2019 to better present wool in the standard and suggest improvements.

In the Fair Fashion Forum Munich we are involved in regional cooperation and education about sustainable textiles.

The cooperations have not been carried out systematically so far, so that there is potential for improvement in the identification of possible measures, e.g. in the areas of raising industry standards, cooperative product development, support with the help of manpower, orders or financial resources. The financial and time expenditure of these cooperations has not been documented so far.

D3 Ecological impacts from use and disposal of products and services

The use of yarns in hand knitting is divided into the activity of knitting and the wearing of the finished knitted piece. Both have little direct ecological impact through use except for the wear and tear of knitting needles and the maintenance of the knitted pieces. In contrast to hobbies such as sewing or cooking, the energy consumption and material consumption per hour is very low.

Our focus is on durability to reduce yarn consumption. Because they put many days or weeks of handwork into their knits, our customers tend to wear the pieces for a long time and treat them gently. We support them in this by focusing on colour palettes that will last for years instead of trendy colours. We have our best-selling products treated with an anti-felt finish, which on the one hand protects them from changes during machine washing and on the other hand reduces pilling (knotting) when subjected to mechanical stress. Yarns made of merino wool also do not need to be washed as often as cotton, for example, as they lose odours by simply being aired out.

On our website we give advice on how to air the knits and how to wash them gently. Our knitting patterns do not follow short-lived fashion trends. In photos and descriptions, we give different styling ideas so that knits can be combined again and again for years to come.

In 2021, we will inform customers about the CO₂ impact of our products, and newsletters and further texts on the care of wool and the use of yarns in our own stock are also planned.

Sheep's wool is generally compostable, but we have not yet been able to find out whether we can recommend this under the given compliance with the chemical limits of our GOTS yarns.

D4 Customer participation and product transparency

The two owners of Rosy Green Wool sell their products themselves to end customers at the annual Vaterstetten wool market and have a stand at the h+h Cologne trade fair, where they talk to retailers. They also use these events to get specific feedback on current yarns, colours and patterns and to take suggestions for new products. Feedback from customer service is also collected and incorporated into the development of new products. For example, our Moods colour palette for desired warmer shades was developed from customer suggestions.

Suggestions from customers for ecological improvement were also taken up, such as providing knitting patterns as PDF documents instead of printed booklets.

Rosy Green Wool

On the labels we inform about the origin and production of the yarns, the cooperation with the spinning mill is openly communicated. GOTS certification means that customers can see the list of permitted ingredients and the social requirements specified by GOTS at any time.

Price components are not shown so far.

E Social environment

E1 Meaning and social impact of products and services

Rosy Green Wool was also born out of the founders' search for more meaning in their professional activities. The yarns combine the positive aspects of knitting with products that are better for society and the environment than previous offerings.

Knitting is an activity that covers several basic needs:

1. leisure and recreation

The activity of knitting is more important to most than the finished product. Knitting can be an evening-long activity in itself, or it can provide relaxing periods in between on transport, meeting friends, watching TV, listening to audio books or taking a break from work. It is a hobby that offers short and long moments of relaxation.

2. wellbeing and health

In recent years, there have been several studies that have shown the positive effects of knitting on health⁷. It curbs stress hormones, reduces agitation, depression and anxiety, helps improve eating disorders, reduces pathological memory loss (a precursor to Alzheimer's), reduces cartilage degradation and can reduce the risk of arthritis. In addition, in a larger study, 80% of participants reported feeling happier after knitting. Rosy Green Wool yarns are particularly soft and feedback from customers is often that this aspect is particularly beneficial both when knitting and wearing the knitted piece.

⁷ <https://www.psychologie-heute.de/gesundheit/39673-losgeloest-im-flow-der-nadeln.html>

There are also repeated statements that our yarns can be worn by people who are allergic to coarser wool.

3. creative work

Knitting makes it possible to design clothes and home accessories yourself according to your own taste and thus be creative. Patterns, colours and shapes can be combined in countless variations.

4. identity and meaning

In online communities for knitters, at wool markets or knitting meetings, we often meet people for whom knitting is an essential part of their identity. Often they work in jobs that leave them little freedom to develop. The community of knitters, their skills and creativity give them meaning in life, they feel secure in knitting groups and experience a freedom and affirmation through their hobby.

Furthermore, people express their affection and love through homemade gifts.

Our yarns have high environmental sustainability, contribute to the reduction of pollutants on land and underwater and improve working conditions. Through our Knitters Against Malaria initiative, we contribute directly to health care. This means we have a positive impact on UN Sustainable Development Goals 3, 5, 8, 12, 14 and 15.

Thus, all our yarns fulfil basic needs, serve the development of people and the earth, pursue UN development goals and offer multiple benefits.

Our social impact goes beyond our products. Many of our customers report that they were unaware of the abuses in sheep farming and textile production before they became aware of us. We raise awareness on our website, in our newsletters and on social media,

but also through other media. For example, there was a guest appearance by Rosy Stegmann in the programme Planet Wissen in February 2020 on the topic of mulesing⁸, as well as contributions in the books Natürlich, Baby⁹ and Natürlich Stricken¹⁰ (both published in 2020) on the ecological and social impact of fibres and yarns.

E2 Contribution to the community

Love for people, animals and nature is at our core and we take responsibility. In addition to our commitment to a sustainable value chain, we donate part of our income to effectively reduce suffering - a total of almost 70,000€ since the company was founded.

The owners are members of Giving What We Can¹¹ and have thus made a voluntary commitment to donate at least 10% of their income per year in an effective and evidence-based way. The income consists mainly of the company's profit and the donations are communicated as company donations, even though they are attributed to the owners for tax purposes.

The distribution of the donation amounts takes place after the preparation of the annual financial statements, so that donations were made in 2020 for 2019.

13,300€ went to the Against Malaria Foundation (AMF)¹² for bed nets against malaria mosquitoes. AMF has been recognised as a leading organisation by the independent

8 <https://www.planet-wissen.de/sendungen/wolle-rosmary-stegmann-100.html>

9 <https://www.topp-kreativ.de/natuerlich-baby-4825>

10 <https://www.topp-kreativ.de/natuerlich-stricken-4845>

11 <https://www.givingwhatwecan.org/>

12 <https://www.againstmalaria.com/Default.aspx>

evaluation platform GiveWell as well as Giving What You Can and The Life You Can Save since 2012 and has a very cost-effective operating model. GiveWell estimates that for every 4450 USD, one person can be saved from dying of malaria¹³. So 3-4 people are saved from death by our donation.

We¹⁴ donated €12,500 to the Albert Schweitzer Foundation (ASF). It has been positively evaluated by Animal Charity Evaluators since 2014, and as one of the top organisations since 2018¹⁵. ASF uses effective measures to reduce factory farming and reduce animal suffering. Animal Charity Evaluator estimates that between 48 and 940 million animals benefit from an annual budget of €2.5 million¹⁶. Our donation will therefore help 240,000 to 4.7 million animals.

We donated €2,000 from sales of the Manx Merino Fine yarn line to the Rare Breed Survival Trust (RBST)¹⁷. The yarn line uses wool from the endangered Manx Loaghtan sheep breed and contributes to the conservation of British domestic animal breeds through both the purchase of the fibres and the donation. RBST maintains a list of endangered species and their populations, has built up a gene database and runs information campaigns.

1,700€ went to the Centre for Effective Altruism¹⁸, which supports the global community of people doing evidence-based good. Patrick Gruban has been a volunteer co-organiser

13 <https://www.givewell.org/charities/amf#CostperLLINdistributed>

14 <https://albert-schweitzer-stiftung.de/>

15 <https://animalcharityevaluators.org/charity-review/albert-schweitzer-foundation/>

16 <https://animalcharityevaluators.org/charity-review/albert-schweitzer-foundation/#c3>

17 <https://www.rbst.org.uk/>

18 <https://www.centreforeffectivealtruism.org/>

of the Munich local group since mid-2020 and thus has insight into the work of the organisation such as (online) conferences, counselling, support and online forums.

Together with designer Melanie Berg, we have been running an annual fundraising campaign for AMF called Knitters Against Malaria since 2018¹⁹. We activate partners, customers and competitors who reach several 100,000 people through their channels and encourage them to donate. In 2019 and 2020, over 34T€ could be collected in this way. We provide texts and images that partners can use to promote the campaign.

In 2019/20, we helped to develop²⁰ the online tool "Klimawahlhelfer" for the initiative München muss handeln, so that voters were better informed about which parties in the Munich city council elections support which demands of Fridays For Future. There, we cooperated with other regional companies such as Techgenossen.

44% of the 2019 profit (45% in 2020) was spent on taxes and social security contributions. This is slightly less than the 49.5% for single average earners in Germany²¹, with no payments going to the owners' pension and unemployment insurance.

E3 Reduction of ecological impacts

The production and shipping of our products takes place exclusively at subcontractors, so that only office work is done in the company itself. All employees work from the home office or shared office, so that it is almost impossible for the company to make a clean

19 <http://knittersagainstmalaria.org/lang/de/index.html>

20 <https://muenchen.klimawahl2020.de/>

21 <http://www.oecd.org/berlin/presse/steuern-und-sozialabgaben-auf-arbeitseinkommen-sind-in-deutschland-leicht-gesunken-11042019.htm>

distinction between electricity, heating and water consumption. For the ecological effects in the home office, see C2.

Paper is almost completely dispensed with, all processes are digitalised. Unlike most companies in the sector, we do not visit retailers. The owners do not have a car and used car sharing or rental cars twice during the reporting period. They have flown twice within Europe.

CO2 consumption 2 flights per 2 persons: 1800kg

CO2 consumption rental car (70l petrol) and van (128km): 190kg

The environmental impact, in particular the CO2 consumption that occurs in the supply chain, is mentioned under point A2.

E4 Transparency and social co-decision

Our website provides an insight into our GOTS-certified production. The respective valid certificate is also there for download. All enquiries (especially by email or phone) are answered, almost always within one working day. If a question cannot be answered by the customer service, one of the owners will answer.

At the h+h fair and the Vaterstetten wool market, the owners are available for dialogue with the retailers and customers.

During the reporting period, the animal welfare organisation Four Paws conducted a survey on mulesing, whereupon we immediately offered our support beyond the survey. Four Paws was the only one to rate our company with their highest award "Guaranteed Mulesing Free".

Rosy Green Wool

Rosy Stegmann took part in the programme "Planet Wissen" at the invitation of WDR 2020 to raise awareness about animal welfare in sheep farming. We always accept invitations and enquiries from the press and answer them as comprehensively as possible. At the request of Frechverlag, we provided editorial information on the books "Natürlich Baby" and "Natürlich Stricken" during the reporting period, which provide information on animal welfare and environmental impacts of yarn production.